

Message Text

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PAGE 01 NAIROB 06943 071239Z

44

ACTION L-03

INFO OCT-01 AF-08 ISO-00 OPIC-03 EB-07 COME-00 H-02 PA-01

PRS-01 USIA-06 CIAE-00 INR-07 NSAE-00 OMB-01 /040 W

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R 070900Z JUL 76

FM AMEMBASSY NAIROBI

TO SECSTATE WASHDC 872

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E.O. 11652: N/A

TAGS: EINV, KE, OPIC

SUBJECT: TAW PRESS CONFERENCE

REF: (A) STATE 135560, (B) NAIROBI 6059

1. WEEKLY REVIEW PUBLISHED STORY JULY 2 ENTITLED EXCHANGE SNAFU, DETAILING ALLEGATIONS MADE BY TAW IN NAIROBI PRESS RELEASE. ACCORDING TO ARTICLE, TAW CHARGED OPIC, ALONG WITH THREE QUOTE GIANT MULTINATIONAL CORPORATIONS UNQUOTE WITH FORCING IT TO VIOLATE KENYAN FOREIGN EXCHANGE REGULATIONS. MTN'S NAMED WERE FIRST NATIONAL BANK OF CHICAGO IN NAIROBI, CHASE MANHATTAN BANK AND GENERAL MOTORS. VIOLATIONS DESCRIBED AS PAYMENT OF OVER ONE MILLION SHILLINGS TO CORPORATIONS THROUGH U.S. EMBASSY AND ESTABLISHMENT OF ACCOUNT ON CORPORATIONS' BEHALF IN NAIROBI BANK. PRESS RELEASE CLAIMS TAW WARNED COMPANIES THAT TRANSACTION MAY VIOLATE KENYAN LAW BUT LATTER INSISTED ON PAYMENTS. TAW ALSO CLAIMED THAT CENTRAL BANK CONFIRMED ILLEGALITY OF TRANSFERS AND ORDERED RETURN OF OF FUNDS, BUT FNBC HAD REFUSED TO COMPLY. ACCORDING TO ARTICLE, TAW FILED FORMAL COMPLAINT WITH CENTRAL BANK REQUESTING IT TO INVESTIGATE FNBC ACTION. TAW PRESS STATEMENT CONCLUDED WITH CONTENTION THAT CORPORATIONS HAD INSTRUCTED TAW TO ENGAGE IN SIMILAR TRANSACTIONS VIA EMB ACCOUNTS IN SEVEN OTHER AFRICAN COUNTRIES.

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PAGE 02 NAIROB 06943 071239Z

2. EMBOFF APPROACHED AT USIS FUNCTION JULY 2 BY TWO REPORTERS

FROM NAIROBI DAILY NEWSPAPER, THE STANDARD, WHO STATED THAT TAW PRES. THOMAS WOOD HAD HELD A WELL-ATTENDED PRESS CONFERENCE IN FIRM'S BUSINESS OFFICES JUNE 28. REPORTERS ATTEMPTED TO VERIFY WOOD'S STATEMENT THAT THE ILLEGAL TRANSACTIONS IN KENYA WERE UNDER INVESTIGATION BY THE CENTRAL BANK AND WERE INFORMED BY BANK OFFICIALS THAT NO SUCH INQUIRY WAS IN PROGRESS.

3. COMMENT: WOOD'S PRESS CONFERENCE WAS HEAVY-HANDED ATTACK ON LARGE MULTATIONALS SUPPOSEDLY DEFRAUDING SMALL BLACK FIRM CONDUCTING LEGITIMATE BUSINESS IN AFRICA. NO MENTION APPARENTLY MADE OF TAW'S FINANCIAL DIFFICULTIES OR PURPOSE OF TRANSFERS TO OPIC AND OTHER CREDITORS. STANDARD REPORTERS, AT LEAST, WERE CURIOUS ABOUT WOOD'S MOTIVATIONS IN PUBLIC CONFESSIONS TO CENTRAL BANK AND PRESS. REPEATED VISITS OF TAW NAIROBI REP KALIBALA TO NEWSPAPER OFFICE ATTEMPTING TO GET PRESS RELEASE INTO PRINT ALSO EXCITED SUSPICION. STANDARD REPORTERS CLAIM THEY ARE WAITING FOR SOLID FACTS BEFORE COVERING STORY. SINCE SOURCE OF BOTH WEEKLY REVIEW ARTICLE AND STANDARD INQUIRY IS WOOD'S LOCAL PRESS CONFERENCE, NOT U.S. CONGRESSIONAL PROCEEDINGS, EMB HAS NOT PROVIDED CONG. SOLARZ'S REBUTTAL TO PRESS GENERALLY. WE HAD ALREADY (PREVIOUS TO PRESS CONFERENCE) GIVEN CONG. SOLARZ'S STATEMENT OF EXPLANATION TO EDITOR OF WEEKLY REVIEW.

DECON 7/7/77.
MARSHALL

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Margaret P. Grafeld
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